

Top Secret

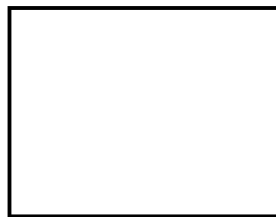
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NATIONAL INTELLIGENCE DAILY CABLE

Tuesday November 30, 1976

CI NIDC 76-279C



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[REDACTED]

National Intelligence Daily Cable for Tuesday November 30, 1976.

[REDACTED] 25X1
[REDACTED] The NID Cable is for the purpose of informing
senior US officials.

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RHODESIA: Guerrilla Delegation

[REDACTED] The Zimbabwe People's Army--the primary insurgent force inside Rhodesia--announced yesterday that it will send its own delegation to the Geneva conference.

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[REDACTED] //The organization said the delegation would be entirely independent of the other nationalist groups in Geneva and that it was being sent because the People's Army disagrees with the independence date generally accepted at the conference.//

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[REDACTED] //In its public statements, the People's Army has consistently rejected the Geneva conference and called for the black takeover of Rhodesia by force. Its decision to send a delegation to Geneva may reflect both a growing uneasiness over the failure to win immediate independence and a desire to have a more direct hand in a political settlement. There have been several indications that the People's Army has wanted to establish a political organization of its own and to divorce itself from the group led by Robert Mugabe.//

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[REDACTED] //Until now, Mugabe has been the spokesman at Geneva for the People's Army and has included several guerrilla leaders in his delegation. Some of these--including Josiah Tongogara, the organization's top commander--left Geneva on November 5 to consult with their colleagues in Tanzania and Mozambique. Mugabe's dependence on the People's Army for support has been a key factor in his firm stand in the negotiations.//

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[REDACTED] If its delegation is accepted at Geneva, the People's Army's militant views will make the establishment of a transitional government even more difficult. Participation at Geneva of a separate People's Army delegation will probably be resisted by the other nationalist groups, who have shown a willingness to compromise on a political settlement. The Smith delegation also will not want to negotiate directly with the military leaders whose troops it is still fighting in the field.

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USSR-EGYPT: Rapprochement

[redacted] //The USSR and Egypt both appear unwilling to make the first concession as they maneuver on the question of a rapprochement.//

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[redacted] //Soviet and Egyptian polemics have continued in the wake of the two-day meetings. Moscow in particular has gone out of its way in media statements to underscore its grievances with Cairo.//

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[redacted] The two sides have also encountered difficulties in preliminary discussions on renewal of their annual trade agreement. A Soviet trade delegation reportedly left Cairo last weekend without having reached a settlement on the types and quantities of goods to be included in next year's agreement.

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[redacted] The USSR does not want to lose face by making concessions to Egypt without some change in Egyptian policy. Gromyko has said privately that Egypt will ultimately have to revalidate the friendship treaty that President Sadat abrogated earlier this year.

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[redacted] Sadat has publicly acknowledged the need for continued contacts and last week disclosed that he had sent a note to General Secretary Brezhnev proposing a summit meeting. He added, however, that the Soviet leader will have to "take me as I am and not as he wants me to be," apparently signaling that Egypt is not prepared to return to a friendship treaty or even to a statement of principles as the basis of a new relationship.

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[redacted] Egypt nonetheless has endorsed the USSR's proposal to resume the Geneva conference on the Middle East, and Vice President Mubarak has reportedly obtained Syria's "full agreement" to convene the conference at the earliest possible time. This will create a better atmosphere for improved Soviet-Egyptian relations but there is no indication of any rapid movement toward a rapprochement.

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[REDACTED] //Although Sadat clearly wants the US to be aware that he is trying to revive his Soviet connection, he apparently does not want to make any move toward the USSR that would compromise his dealing with a new US administration. [REDACTED]

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JORDAN: Cabinet Shuffle

[REDACTED] The changes in the Jordanian cabinet announced on November 27 represent a modest political victory for Crown Prince Hasan and his ally, Prime Minister Badran, and a setback for their political opponent, former prime minister Zayd Rifai. For the past several months Rifai has served as an unofficial adviser to King Husayn.

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[REDACTED] Most of the six members dropped from the cabinet were supporters of Rifai who were having difficulty working with Badran. Their replacements are generally nonpolitical technocrats or politicians with ties to the Crown Prince and his associates.

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[REDACTED] One of the new cabinet members is a well-known political adversary of Rifai and an advocate of Bedouin tribal interests. His appointment confirms the King's interest in having Badran put together a cabinet that will help assuage East Bank and army unhappiness.

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[REDACTED] Although the cabinet shuffle suggests that Rifai may be less influential than he was expected to be in his advisory role, it does not mean that policies he promoted are being abandoned.

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[REDACTED] Rifai has been identified mainly with Jordan's efforts to work out close economic and military cooperative arrangements with Syria. The King supports this policy, and apparently is preparing to take additional steps during Syrian President Asad's visit to Amman early next month. [REDACTED]

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EC-YUGOSLAVIA: High-Level Delegation

[REDACTED] //A high-level EC delegation is traveling to Bel- 25X1
grade this week to explore ways to develop stronger political
and economic ties.//

[REDACTED] //The EC sees the visit by Dutch Foreign Minister 25X1
van der Stoep and EC Commissioner for External Relations Soames
primarily as a political gesture intended to reaffirm Yugosla-
via's non-aligned status and to underscore the importance of
its relationship with Western Europe. Yugoslavia is pushing
for more concrete results that would pave the way for subse-
quent negotiations. The Yugoslavs first expressed interest in
closer relations with the Community last summer after Greece
submitted its bid for EC membership.//

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[redacted] //Agreement will probably be reached during the visit to begin negotiations next year on expanding Yugoslavia's 1973 non-preferential trade agreement with the Community. Belgrade wants the EC to recognize Yugoslavia as a "nonaligned Mediterranean developing country," and would like a new agreement with the EC to parallel those the Community has concluded this year with other Mediterranean states.//

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[redacted] //The Yugoslavs are particularly interested in securing financial assistance, greater access to EC markets for their industrial and agricultural goods, increased social benefits for guest workers, and European participation in joint investment projects.//

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[redacted] //The Nine are clearly eager to show solidarity with Yugoslavia in view of the growing uncertainty regarding its political future. Nevertheless, given Europe's continuing economic and monetary difficulties, most members probably feel that the EC cannot realistically do more than expand the present agreement to include provisions for financial aid and technical, industrial, and cultural cooperation.//

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[redacted] //The EC agreed in principle earlier this year to make available to Yugoslavia \$55 million in loans from the European Investment Bank for projects, largely in the telecommunications and transportation fields. A major portion of the money would be used to help finance construction of a highway through Yugoslavia, linking Italy with Greece and Turkey. Belgrade, however, has reportedly been reluctant to go ahead with this project until additional financing can be found from the EC or other sources.//

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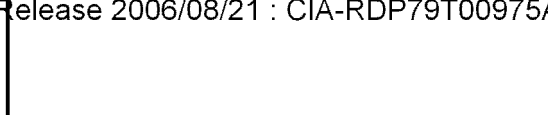
[redacted] //In response to Belgrade's bid for greater trade benefits, EC officials argue that Yugoslavia is already a prime beneficiary of the EC's generalized system of trade preferences for developing countries. The EC maintains that Yugoslavia should explore ways to expand trade under this system before seeking additional concessions.//

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[redacted] //The Community also hopes Yugoslavia will be helped somewhat as a result of the Community's decision last week to lift the ban on beef imports next April and to substitute a variable import levy system. Yugoslavia was one of the EC's major suppliers of beef before the ban was imposed in 1974. [redacted]

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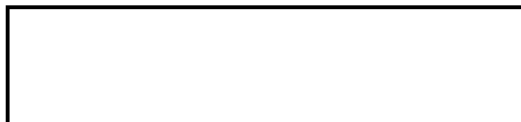
AUSTRALIA: Devaluation

 //A sharp decline in foreign exchange reserves was the primary reason for Australia's devaluation of its currency by 17.5 percent on Sunday. Reserves fell by one third during the past year, in part because of capital flight. Present reserves of \$2 billion are equivalent to less than three months' imports.//

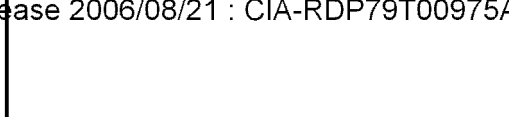
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 //Since taking office last December, Prime Minister Fraser's government had been pressed to devalue by powerful mining and farm interests that said their products were no longer competitive on the world market. Agricultural and mineral exports, which account for 75 percent of Australia's overseas sales, are likely to increase as a result of the devaluation. Imports, already held down by quota and tariff restrictions, will be further restrained.//

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 //The opposition Labor party has criticized the devaluation because of its inflationary impact. To help hold down inflation, the government plans to tighten monetary policy further and to cut government spending. Interest rates were raised earlier in the month as part of an anti-inflationary monetary package.//

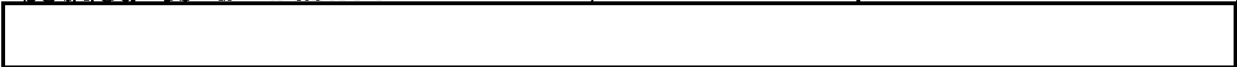
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 //The government has also decided to alter its exchange rate policy, opting for a "managed float"--an exchange rate to be adjusted periodically to take account of changing conditions. Previously, the Australian dollar was pegged to a "basket" of foreign currencies. 

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